



C O U N C I L O N V I R G I N I A ' S F U T U R E



a profile of virginia

excerpted from The Virginia Report 2011

A PROFILE OF VIRGINIA

Introduction

This chapter provides a brief introduction to Virginia, its people, its economy, and its government.

Virginia in Brief

This high-level “snapshot” includes data that shows how Virginia compares to other states in the nation.

Virginia’s People

Virginia’s population, like the nation’s, is getting older and becoming more diverse. This section presents demographic and educational attainment information.

Virginia’s Economy

Virginia has consistently outperformed the nation as a whole on key indicators of economic progress. This section provides an overview of key economic sectors in Virginia.

Virginia’s Government

Virginia’s state government will take in about \$85 billion in the 2010-2012 biennium, which runs from July 1, 2010 through June 30, 2012. Where does this money come from and how is it spent? This section provides an overview.

Virginia in Brief

Virginia is one of the best places in the United States to live, work, and raise a family. With the 10th largest economy, the Commonwealth enjoys the seventh highest level of per capita personal income in the nation. Virginians are on average better educated and more productive than residents in most other states, and the Commonwealth has been successful in attracting and developing a high-quality workforce. While Virginia is becoming more urbanized and reliant on professional and technical jobs, historically important sectors – agriculture, forestry, maritime, manufacturing, and mining – continue to make important contributions in several of Virginia’s regional economies.

Virginia’s overall progress has been steady over the long term, but it has not been uniform across the state and challenges remain. These differences are explored in more detail in Chapter III: A Regional Perspective. In addition, Virginia, while performing better than most states, is struggling to fully emerge from one of the worst economic downturns in decades.

Table 1 (page 3) highlights selected key facts about Virginia.

Page 13 provides a list of the data sources used in compiling this chapter.

Table 1: Virginia Highlights*

Indicator	Value	State Rank (1=Highest)
Total Population (2010)	8,001,024	12
Minorities as a Percentage of the Population (2010)	35.2%	17
Older Population (Age 65 and Older) as a Percentage of the Population (2010)	12.2%	43
Foreign Born as a Percentage of the Population (2010)	11.4%	15
Veterans as a Percentage of Population 16 and over (2010)	12.3%	2
Virginians 25 Years and Older Who Have Completed a Bachelor's Degree (2010)	34.3%	7th
Public Pre-K through 12th Grade Enrollment (2009-2010)	1,245,340	12
Median Age (2010)	37.5 years	27th Oldest
Average Household Size (2010)	2.54	18
Active Military Personnel (2009)	63,160	5
Department of Defense Civilian Personnel (2009)	89,713	1
Total Value of Agricultural Products Sold (2009)	\$2.9 billion	30
Mean Travel Time to Work (2010)	27.5 minutes	6
Land Area (Square Miles)	39,598	37

* Source: See page 13 for a list of sources for this table and other information in the Profile chapter.

Virginia's Economy

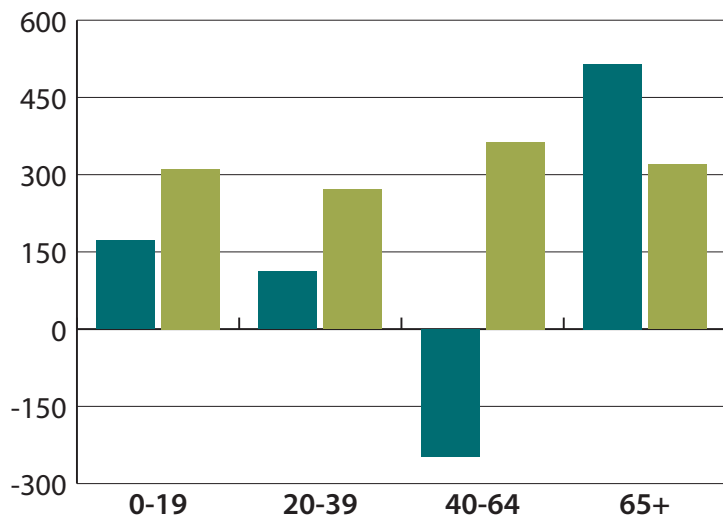
Population

In 2010, Virginia's population increased by about 1.5 percent over its 2009 level to reach 8.0 million, the 12th highest in the country. Virginia is relatively diverse, with racial and ethnic minorities representing 35.2 percent of the population. Figure 1, based on data from the Virginia Employment Commission, shows the projected population changes by race and ethnicity for major age groups.

Figure 1

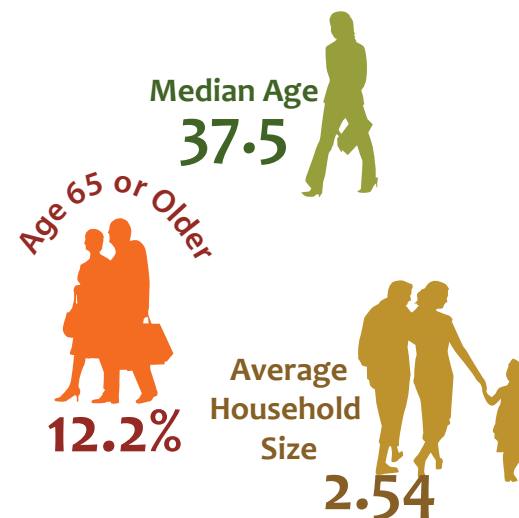
PROJECTED POPULATION CHANGES IN VIRGINIA BY RACE / ETHNICITY AND AGE, 2010-2030

(in thousands)



■ White, Not Hispanic

■ Other Races and Hispanics of Any Race



CURRENT POPULATION



PROJECTED POPULATION (2030)

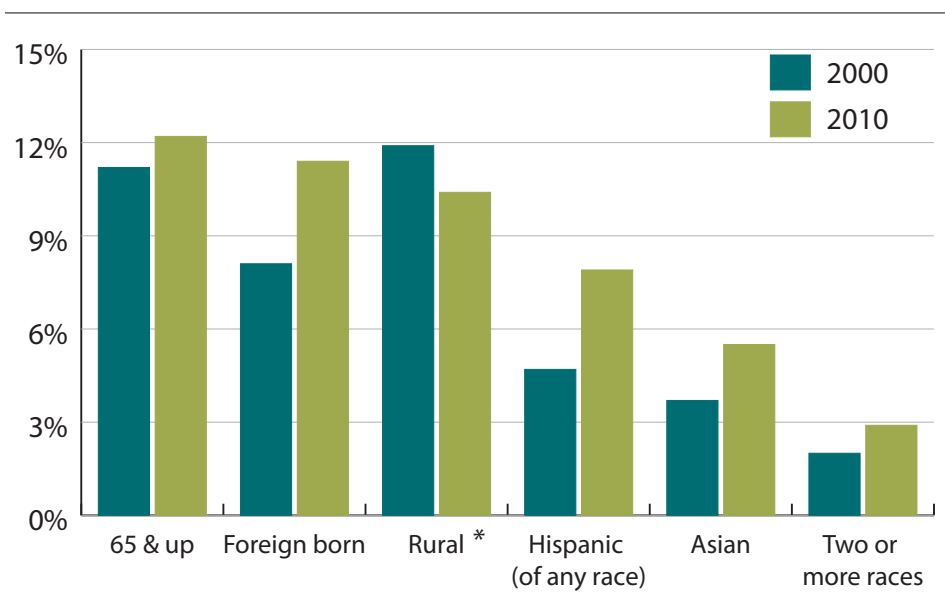


By 2030, Virginia's population will be older, with almost 19 percent of the population 65 years or older. According to estimates provided by the Virginia Employment Commission, the proportion of the population that is White (not Hispanic) will fall to 60.6 percent of the total, down from 64.8 percent in 2010.

Data newly available from the 2010 Decennial Census, highlighted in Figure 2, provide insights into population and demographic trends¹:

Figure 2

CHANGES IN VIRGINIA'S POPULATION PROFILE, 2000-2010 (PERCENTAGE OF TOTAL POPULATION)



* Population in localities not included in Metropolitan or Micropolitan Statistical Areas.

- ▶ Northern Virginia accounted for about 54 percent of total population growth between 2000 and 2010. Overall, Virginia's population grew by 13.0 percent between 2000 and 2010.
- ▶ Thirty localities, including eight cities and 22 counties, lost population between 2000 and 2010. The largest percentage declines were in the counties of Accomack (-13.4%) and Buchanan (-10.7%) and the cities of Danville (-11.1%) and Martinsville (-10.3%).
- ▶ More than 11 percent of Virginians were born in a foreign country.
- ▶ The population identifying themselves as being of Hispanic origin increased by 91.7 percent between 2000 and 2010; Hispanics now account for eight percent of Virginia's population, up from about five percent in 2000.
- ▶ Persons of Asian descent increased by almost 70 percent to reach 5.5 percent of the total Virginia population.
- ▶ The proportion of the population identifying themselves as being of two or more races has risen by almost half, increasing from two percent of the population in 2000 to 2.9 percent of Virginia's population in 2010.

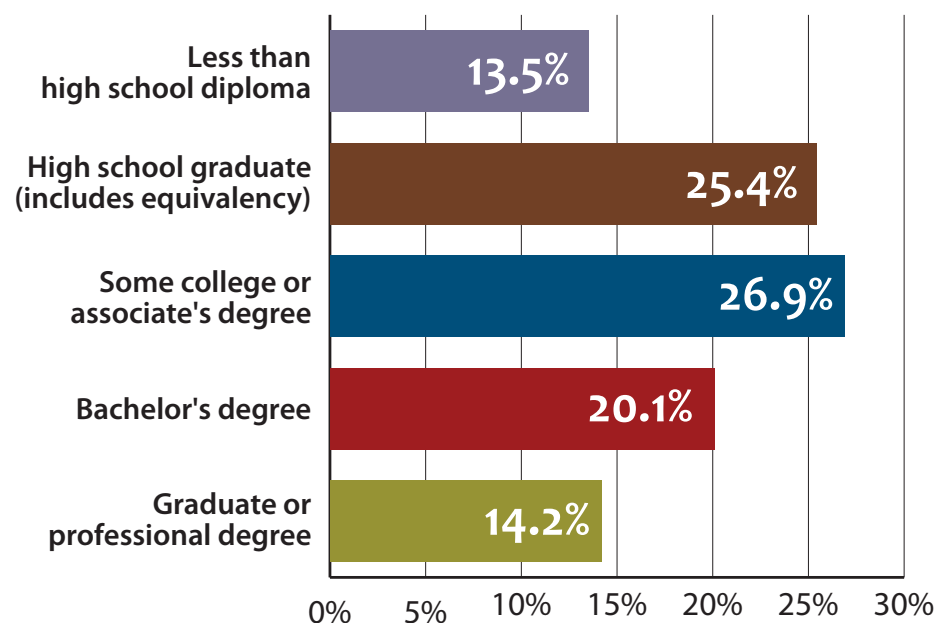
¹ Analysis developed by the Demographics and Workforce Group at the Weldon Cooper Center for Public Service at the University of Virginia (<http://www.coopercenter.org/demographics>).

Virginia's population is also relatively well educated, as summarized in Figure 3. For instance, 34.2* percent of adults age 25 years and older have a bachelor's degree or higher, which ranked Virginia sixth best in the country. In addition, 14.2% of adults 25 and older have an advanced degree, fourth highest in the nation. As shown in Figure 4, educational attainment among younger women is nine percentage points higher than males in the 25 to 34 age group.

Figure 3

HIGHEST LEVEL OF EDUCATIONAL ATTAINMENT, 2010

ADULTS AGE 25 AND OVER (5,361,301 ADULTS)

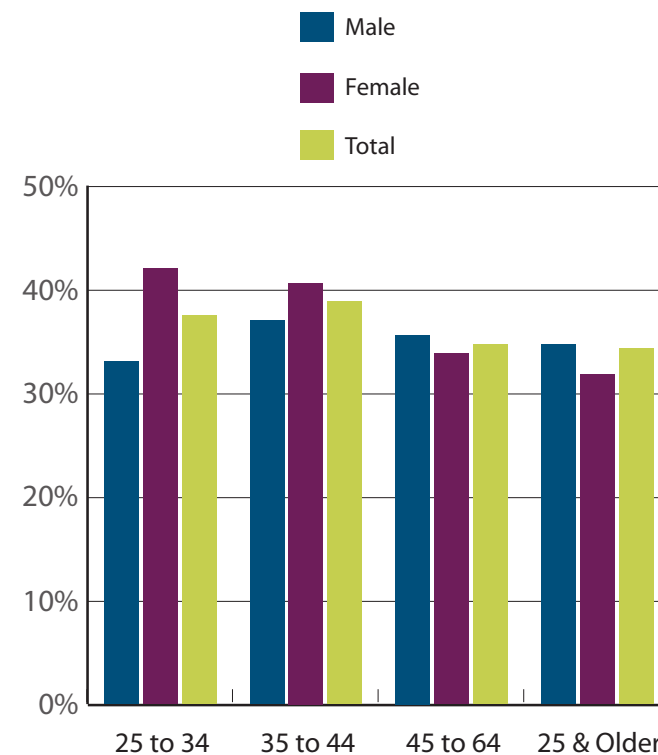


* Sum does not match graph due to rounding.

Figure 4

BACHELOR'S DEGREE OR HIGHER BY AGE AND GENDER

2010



Note: Educational Attainment Data from the 2010 American Community Survey, U.S. Census Bureau

Virginia's Economy

Employment and Industry

Virginia's economy continues to evolve, relying more on skilled jobs than ever before. Table 2 illustrates the significant changes that have occurred over the past decade, with the ongoing shift from goods-producing sectors to service industries.

The large decline in the information sector is due to shifts in industry makeup rather than a decline in the importance of information technology jobs. Changes in this sector's employment level are due to contractions in publishing and telecommunications. But in terms of occupations, Virginia still maintains the highest concentration of information specialist jobs in the country, at more than four percent of all jobs. About half of these jobs are in non-IT industries, which also ranks first in the country.

Source: Quarterly Census of Employment and Wages, Virginia Employment Commission, Labor Market Statistics, Covered Employment and Wages Program.

Table 2: Employment by Major Industry Sector, Annual Averages (2005 and 2010)

2005			2010		Average Annual Growth
Industry Sector	Average Employment	Percent Of Total	Average Employment	Percent Of Total	Employment
Agriculture and Related, and Mining and Related	21,773	0.6%	20,306	0.6%	-1.4%
Construction	255,536	7.1%	192,605	5.4%	-5.5%
Manufacturing	303,716	8.5%	238,218	6.7%	-4.7%
Wholesale and Retail Trade	543,579	15.2%	515,211	14.6%	-1.1%
Transportation and Warehousing, and Utilities	149,530	4.2%	138,956	3.9%	-1.5%
Information	98,239	2.7%	81,221	2.3%	-3.7%
Finance and Insurance, and Real Estate and Related	401,960	11.2%	372,767	10.5%	-1.5%
Professional, Scientific, and Technical Services, and Management of Companies	410,862	11.5%	464,238	13.1%	2.5%
Education Services, and Health Care and Social Assistance	695,882	19.5%	778,920	22.0%	2.3%
Services and Other (Except Government)	481,176	13.5%	491,615	13.9%	0.4%
Public Administration	214,463	6.0%	241,616	6.8%	2.4%
Total	3,576,716		3,537,683		-0.2%

The shift to professional, scientific, and technical services has been beneficial for the state as a whole, but the decline in manufacturing and the growth of lower-paying service jobs have put pressure on workers with lower skills and regions of the state that have historically relied on manufacturing. The ongoing move to higher-skilled industries will mean continued pressure on Virginia to improve the skills of its emerging – and existing – workforce.

The role of government is also apparent from its increasing share of employment, with the federal, state, and local governments accounting for 18.9 percent of employment in 2010, an increase from 18.1 percent in 2005. Not included in these numbers are more than 63,160 active military personnel deployed in Virginia, the fifth highest total in the country (based data for 2009 from the Department of Defense).

As reported in Table 3:

- ▶ Virginia receives the second highest level of per capita federal expenditures in the country.
- ▶ Virginia's gross state product is the 10th highest in the country.
- ▶ Virginia has a highly skilled workforce and productivity is relatively high, but the value of total goods exported, at \$17.2 billion, ranked 22nd in the country.

Table 3: Selected Economic Indicators*

Economic Indicator	Value	State Rank
State Gross Domestic Product (2010, in billions)	\$424	10
Per Capita Personal Income (2010)	\$44,246	7
Percentage of the Population Living in Poverty ** (2010)	11.1%	7
Exports of Goods (2010, in millions)	\$17,163	22
Exports of Manufactured Commodities (2010, in millions)	\$13,031	23
Worker Productivity: 2009 Output per Worker (2005 dollars)	\$79,896	11
Percentage of Jobs Held by Managers, Professionals, and Technicians (2009)	24.6%	3
Percentage of Information Technology (IT) Jobs in non-IT Industries (2009)	2.2%	1
Per Capita Federal Expenditures (Federal fiscal year 2009)	\$19,734	2

* Source: See page 13 for a list of sources for this table and other information in the Profile chapter.

** Note: Virginia had the seventh lowest poverty rate in the country.

Technology and Innovation

Technology and innovation are playing increasingly important roles in economic competitiveness and productivity growth and are thus becoming ever more important determinants of Virginia's long-term economic prosperity. Virginia has strong competitive advantages with its highly educated workforce, good quality of life, highly regarded system of higher education, and strategic mid-Atlantic location close to the seat of the federal government and some of America's most important defense assets. Growing businesses rely heavily on technology, innovation, and advanced workforce skills.

Table 4 summarizes key technology and innovation indicators for Virginia. These indicators portray a generally positive picture for Virginia, which excels in a number of areas, including a large science and engineering workforce and an impressive concentration of high-technology jobs and businesses.

Yet the rankings also seem to indicate that there is room to improve access to broadband services and the intensity of research and development (e.g., academic R&D as a share of the Virginia economy) and its output (patents awarded and patents per 1,000 science and engineering workers).

Table 4: Technology and Innovation Indicators *

Indicator	Value	State Rank
High-technology Jobs as a Percentage of All Jobs (2009)	6.6%	3
Percentage of Residents with Access to Broadband Telecommunications Services	93.6%	39
Scientists and Engineers as a Percentage of the Workforce (2009)	5.0%	1
Patents Awarded (2010)	1,587	20
Patents Awarded per 1,000 Individuals in Science & Engineering Occupations (2008)	4.0	46
Venture Capital Investments (2010, in millions)	\$396.6	12
Academic R&D per \$1,000 of Gross Domestic Product (2009)	\$2.66	41
R&D Expenditures at Universities & Colleges (2009, in millions)	\$1,088.4	14
Industry-funded Academic R&D (2009, in millions)	\$51.5	16

* Source: See page 13 for a list of sources for this table and for other information in the Profile chapter.

Virginia's Government

Local, state, and federal governments play a major role in Virginia's economy and quality of life. Because of its proximity to Washington and the abundance of military bases in the state, Virginia is home to about 89,700 federal civilian defense jobs and 61,360 military personnel (based on data for 2009 from the Department of Defense). In early 2011, according to the U.S. Census Bureau there were 173,850 federal civilian employees, 140,750 state employees, and another 377,590 local government workers in Virginia.

Interestingly, less than half of state government operating expenses are for Personal Services (direct costs of state workers) and Contractual Services (professional and technical services, outsourced operations, and other services that support the operation of government). A little over 38 percent of state funding in fiscal year 2010 was for Transfer Payments, which includes aid to localities, payments to individuals, and unemployment compensation.

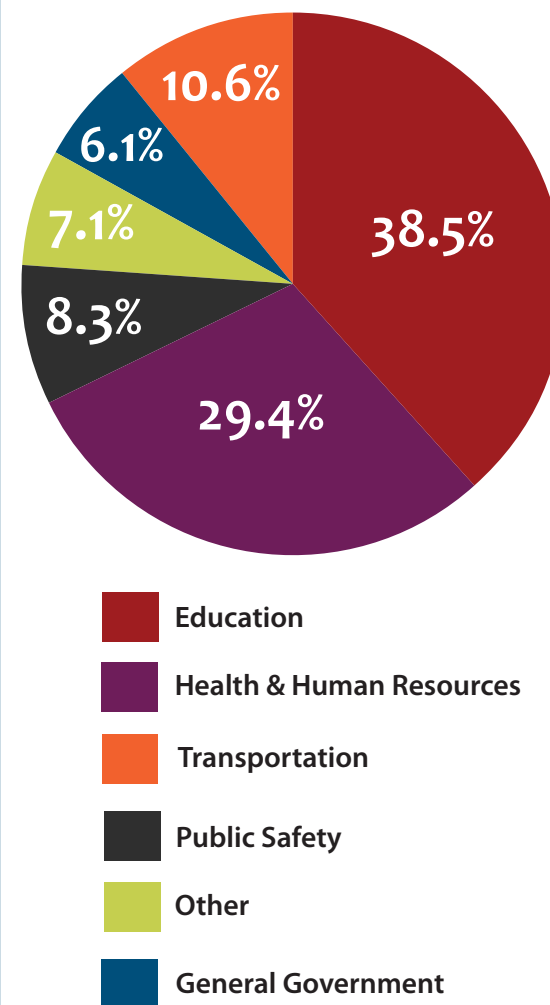
Virginia has a biennial budget system, which means it adopts a two-year budget. The biennial budget is enacted into law in even-numbered years, and amendments are enacted in odd-numbered years; the budget for the current biennium, which began July 1, 2010, was adopted by the 2010 General Assembly and amended by the 2011 General Assembly. The 2012-2014 biennial budget will be approved in 2012.

Where does the money go?

Virginia's state government budget is divided into an operating budget and a capital budget. The operating budget includes expenses to run the daily activities of government. The capital budget includes the one-time costs of building, improving, or repairing government facilities. The budget of the Commonwealth for the 2010-2012 biennium includes \$78.5 billion for operating expenses and \$2.2 billion in capital outlay. Looking at total operating funds from all sources, the majority of the money goes to education (38.5%), health and human resources (29.4%), and transportation (10.6%). Considering only the general fund, which can be used at the discretion of the Governor

Figure 5

2010-2012 BIENNIUM BUDGET TOTAL OPERATING BUDGET \$78.5 BILLION



and General Assembly, the majority of the operating money goes to education (41.3 %), health and human resources (28.5 %), and public safety (14.2 %). Considering only nongeneral funds, which are receipts set aside for specific purposes, the largest spending categories are education (36.4%), health and human resources (30.0%), and transportation (18.0%).

Where does the money come from?

State government revenues can be grouped into several categories: taxes, grants, fees, sales, earnings, transfers, and balances. For the 2010-2012 biennium, total state revenues available for appropriation are projected to equal \$85.2 billion, including year-end balances, transfers, and bond proceeds.

Total revenues from all tax sources are projected to be \$34.5 billion. Tax revenues include \$20.1 billion from individual income taxes and \$4.4 billion from motor vehicle and highway taxes. Other large revenue sources for the biennium include \$19.6 billion in federal grants and \$10.9 billion in institutional revenue, primarily fees collected at colleges and universities, medical and mental hospitals, and correctional facilities.

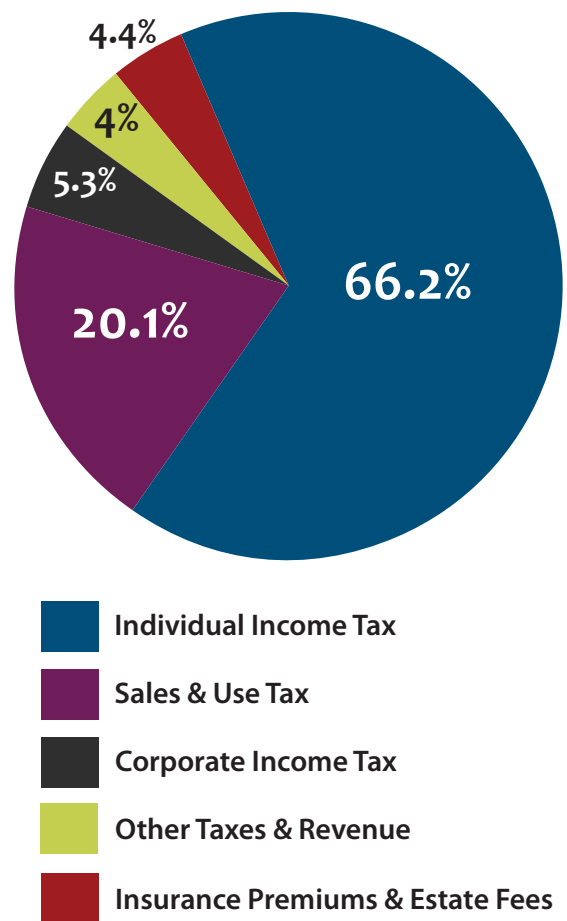
For budgeting purposes, state revenues are divided into two broad types: (1) the general fund and (2) nongeneral funds. Considerably more than half of state revenues (62.4%) are nongeneral funds, or receipts set aside for specific purposes. For example, motor vehicle and gasoline taxes are earmarked by law for transportation programs; student tuition and fees must support higher education; and federal grants are designated for specific activities.

General Fund Revenues

Excluding about \$1.7 billion in balances and transfers available for appropriation, general fund revenues are expected to total \$30.3 billion for the 2010-2012 biennium. As shown in Figure 6, they are mostly derived from direct general taxes paid by citizens and businesses in Virginia. Because general fund revenue can be used for a variety of

Figure 6

2010-2012 BIENNIUM BUDGET TOTAL GENERAL FUND REVENUES \$30.3 BILLION



government programs, these are the funds over which the Governor and the General Assembly have the most discretion.

Nongeneral Fund Revenues

Although most public attention is focused on general fund revenue, the majority of revenue in the state budget is comprised of nongeneral funds (Figure 7). These funds are earmarked by law for specific purposes. For the biennium, nongeneral fund revenues total \$46.6 billion. This total does not include about \$6.7 billion in balances and bond and lottery proceeds available for appropriation.

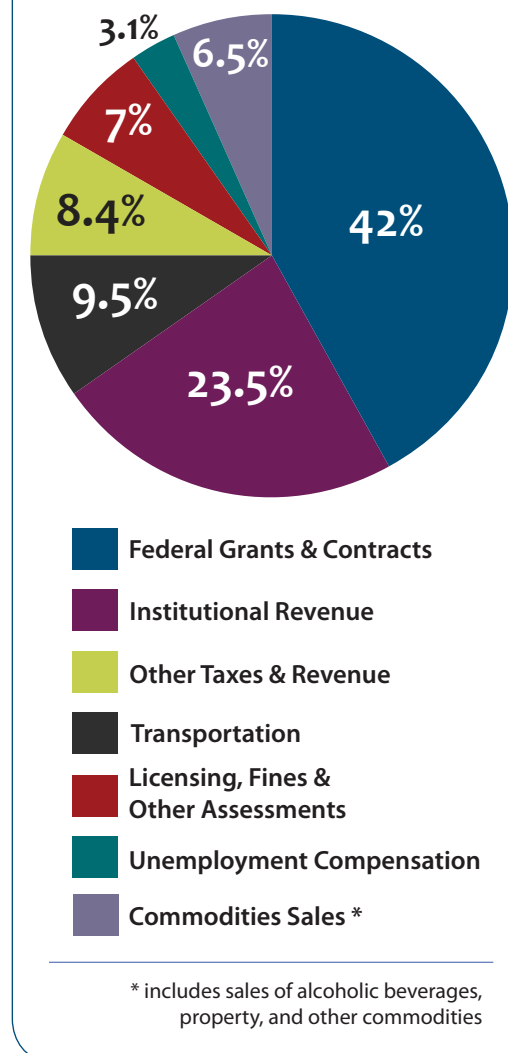
Federal grants are the largest source of nongeneral fund revenue (\$19.6 billion for the biennium). Frequently these grants do not come to the state as simple cash transfers and often include many program requirements, including state matching funds. Entitlement programs such as Medicaid and Aid to Families with Dependent Children are examples of programs that require a state contribution.

The second largest source of nongeneral fund revenue is institutional revenue (\$10.9 billion for the biennium), and includes patient fees at teaching hospitals and mental health institutions, and tuition and fees paid by students at institutions of higher education.

State transportation revenue comes from several sources, including the motor vehicle fuels tax, the motor vehicle sales and use tax, road taxes, vehicle license fees, state sales tax, interest earnings, and other miscellaneous taxes and fees. For the biennium, transportation revenues are anticipated to be \$4.4 billion.

Another nongeneral fund source is the Unemployment Insurance Fund (\$1.4 billion). Insurance tax collections rise and fall with the level of unemployment. Corporate downsizing and restructuring have increased unemployment tax collections in recent years. Other nongeneral fund revenue sources include fees paid by citizens and businesses for licenses (\$1.5 billion), sales of alcoholic beverages (\$1.2 billion), sales of lottery tickets and state property (\$1.9 billion), and interest, dividends, and rents (\$249.0 million).

Figure 7
2010-2012 BIENNIUM BUDGET
TOTAL NONGENERAL FUND
REVENUES
\$46.6 BILLION



A Note on the Data

Table 1 Sources

Much of the data in Table 1 comes from the U.S. Census Bureau, including the 2010 Decennial Census and the 2010 American Community Survey (ACS) 1-Year Estimates. Tables from both Census products are available at: www.factfinder2.census.gov.

2010 Decennial Census		2010 ACS	
Indicator	Table	Indicator	Table
2010 Population	DP-1	Foreign Born as a % of the Total Population	S0201
Minorities as % of the Total Population	QT-P6	Veterans as a % of the Total Civilian Population 16 and Older	S0201
Older Population as a % of Total Population	QT-P1	Virginians 25 and Older Who Have Completed a Bachelor's Degree	S1501
Average Household Size	D002	Mean Travel Time to Work	S0201
Median Age	DP-1		

- ▶ Public School Enrollment: Virginia Department of Education, 2009-2010 Fall Enrollment, http://www.doe.virginia.gov/statistics_reports/enrollment/fall_membership/index.shtml.
- ▶ Active Military and Department of Defense Civilian Personnel: Department of Defense; Personnel and Procurement Statistics; Military and Civilian Personnel by State; September 30, 2009; <http://siadapp.dmdc.osd.mil/personnel/M02/fy09/09top.htm>.
- ▶ Total Value of Agricultural Products Sold: Virginia Department of Agriculture and Consumer Services, <http://www.vdacs.virginia.gov/agfacts/index.shtml>.

Table 2 Sources

- ▶ State Gross Domestic Product (2010), Per Capita Personal Income (2010), and Worker Productivity (2009): Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce, <http://www.bea.gov/regional/reis/>.
- ▶ Exports of Goods (2010) and Manufactured Goods (2010), U.S. Census Bureau, Foreign Trade Statistics, by origin of movement, North American Industry Classification System-based product groups, not seasonally adjusted, http://www.census.gov/foreign-trade/statistics/state/origin_movement/index.html#2009.
- ▶ Percentage of the Population Living in Poverty: U.S. Census Bureau, 2010 American Community Survey, S1701, <http://factfinder2.census.gov>
- ▶ Percentage of Jobs Held by Managers, Professionals, and Technicians, and Percentage of IT jobs in non-IT Industries: 2010 State New Economy Index; Robert D. Atkinson and Scott Andes, Information Technology and Innovation Foundation, 2010, based on data from the U.S. Bureau of Labor Statistics.
- ▶ Per Capita Federal Expenditures: U.S. Census Bureau: Federal, State, and Local Governments; Consolidated Federal Funds Report; <https://harvester.census.gov/cffr/>.

Table 4 Sources

- ▶ High-technology Jobs as a Percentage of All Jobs and Scientists and Engineers as a Percentage of the Workforce: 2010 State New Economy Index; Robert D. Atkinson and Scott Andes, Information Technology and Innovation Foundation, 2010, based on data from the U.S. Bureau of Labor Statistics.
- ▶ Patents Awarded, 2010: U.S. Patent and Trademark Office, <http://www.uspto.gov/web/offices/ac/ido/oeip/taf/reports.htm>.
- ▶ Patents Awarded per 1,000 Individuals in Science and Engineering Occupations (2008), Academic Research and Development Expenditures (FY 2009), and Industry-funded Research and Development at Universities and Colleges (FY 2009): National Science Foundation, National Center for Science and Engineering Statistics, [nsf.gov/statistics/indicators/](http://www.nsf.gov/statistics/indicators/). Gross Domestic Product from the U.S. Bureau of Economic Analysis, Regional Economic Information System.
- ▶ Venture Capital (2010 and First Half of 2011): PricewaterhouseCoopers/National Venture Capital Association MoneyTree™ Report, Data: Thomson Reuters.
- ▶ Broadband Access: National Telecommunications and Information Administration, U.S. Department of Commerce, <http://broadbandmap.gov/>.